



**Comments of the Union of Concerned Scientists on
“Achieving a 33% Renewable Energy Target”**

The Union of Concerned Scientists (“UCS”) appreciates the opportunity to comment on “Achieving a 33% Renewable Energy Target” (“Draft Report”), prepared for the Commission by Center for Resource Solutions. UCS applauds the Commission for examining the feasibility of a 33 percent target in the Renewables Portfolio Standard program, and for sponsoring a study of the benefits and challenges that may emerge from the adoption of this target. Indeed, California has committed to reducing its greenhouse gas emissions substantially, and renewable resources will play a significant role in achieving those reductions.¹ UCS is pleased that Governor Schwarzenegger has expressed interest in pursuing higher renewable energy goals to provide Californians with a wide range of benefits. While the results presented in the Draft Report are preliminary, they reveal the encouraging possibility that California can achieve a 33% renewables portfolio yielding long-term consumer savings.

Many of the challenges to achieving the 20 percent RPS target are also relevant to achieving a 33 percent standard. Thus, the Commission should first place emphasis on resolving those issues necessary for achieving the 20 percent goal. However, if the State is to pursue a 33 percent standard in the future, that target should be considered, at minimum, as a scenario in all aspects of utility planning, including the broader resource planning process to be undertaken in 2006 as well as in transmission planning. In this way, the utilities and Commission can make optimal choices regarding resource and transmission additions, and not foreclose on opportunities to increase renewables procurement by over-procuring conventional resources.

UCS offers brief comments on specific sections of the Draft Report.

Section III. Transmission and System Operations Changes Needed to Support Additional Renewables

It was suggested in the workshop that Southern California Edison’s “trunk line” concept could be reframed in such a way as to gain acceptability with FERC. UCS encourages further dialogue between the California agencies and FERC, and believes parties to the Commission’s renewables transmission proceeding, I.05-09-005, would

¹ The Governor’s Executive Order No. S-3-05 calls for a reduction in greenhouse gases to 1990 levels by 2020, or approximately 145 million tons. (Source: CalEPA, “California’s Greenhouse Gas Emission Reduction Leadership Policy”) A 33% RPS target is estimated to provide 11 million tons of these emissions reductions by 2020 (Source: CalEPA, “Strategies Underway in California That Reduce Greenhouse Gas Emissions”)



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benefit from understanding the outcome of CPUC discussions with FERC staff. The Commission should also continue to explore other possibilities for developing transmission for renewable resources under existing statutory authority.

Section IV. Cost and Rate Impacts of Various 33 % RPS Scenarios

Several areas of the Draft Report may need further study and analysis. Such additional analysis would benefit from additional stakeholder input. For example, in the November 17 workshop, parties questioned whether the gas forecasts were appropriate given current market trends, and whether the report considered improvements in gas-fired technology. Also, the cost analysis should include the effect of reduced gas prices as a result of decreased usage for power generation. Section IV discusses this topic in some depth, and finds that consumer gas bill savings could range from \$0.8 to \$2 billion dollars over the 20-year period of interest. This tremendous savings was not factored into the results of the rate impact analysis (*see e.g.*, Table IV-4). Inclusion of the gas price effect will yield a more accurate picture of the total consumer rate impact.

Some additional analysis, with input from stakeholders, may be needed in determining the quantity of additional gas turbine capacity required to provide “back up” for the added wind capacity under resource adequacy requirements. This analysis should be consistent with the resource adequacy rules adopted by the Commission, as well as requirements imposed by the CAISO.

Section V. Process and Policy Changes Necessary to Meet a 33 Percent Renewables Target

The Draft Report presents thoughtful recommendations on policy measures and actions needed to achieve a 33 percent target. UCS particularly supports those near-term recommendations that benefit the achievement of both the existing 20 percent and incremental 33 percent goals. These include: addressing contract failure, streamlining the solicitation cycle, prioritizing issues most critical to achieving RPS targets, augmenting staff, and clarifying the application of penalties. The Commission should continue with timely implementation of the current target of 20 percent by 2010, and should prioritize its workload with this objective in mind.

UCS supports further investigation by the Commission into the value of increasing delivery flexibility, including use of firmed and shaped products, and anticipates this issue will be taken up imminently in the Commission’s RPS proceeding, R.04-04-026. Parties should have ample opportunity to consider the Draft Report’s recommendations and issues that arise from them in the appropriate proceedings before the Commission, particularly in R.04-04-026, R.04-04-003, and I.05-09-005.

UCS appreciates the opportunity to provide these comments, and looks forward to participating in further discussions regarding a 33 percent RPS target.